

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 2004

JULY 10, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. TAYLOR of North Carolina, from the Committee on Appropriations, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2691]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of the Interior and Related Agencies for the fiscal year ending September 30, 2004. The bill provides regular annual appropriations for the Department of the Interior (except the Bureau of Reclamation) and for other related agencies, including the Forest Service, the Department of Energy, the Indian Health Service, the Smithsonian Institution, and the National Foundation on the Arts and the Humanities.

CONTENTS

	<i>Page number</i>	
	<i>Bill</i>	<i>Report</i>
Department of the Interior:		
Bureau of Land Management	2	13
U.S. Fish and Wildlife Service	12	24
National Park Service	20	35
U.S. Geological Survey	29	52
Minerals Management Service	32	58
Office of Surface Mining Reclamation and Enforcement	34	60
Bureau of Indian Affairs	36	64
Departmental Offices	44	73
General Provisions	51	85
Related Agencies:		

	<i>Page number</i>	
	<i>Bill</i>	<i>Report</i>
Forest Service, USDA	90	87
Department of Energy	106	108
Fossil Energy	107	108
Naval Petroleum and Oil Shale Reserves	109	114
Energy Conservation	109	117
Economic Regulation	110	123
Strategic Petroleum Reserve	110	124
Energy Information Administration	110	125
Indian Health Service, DHHS	113	125
Office of Navajo and Hopi Indian Relocation	120	132
Institute of American Indian and Alaska Native Culture and Arts Development	121	132
Smithsonian Institution	122	133
National Gallery of Art	125	135
John F. Kennedy Center for the Performing Arts	127	137
Woodrow Wilson International Center for Scholars	127	137
National Foundation on the Arts and the Humanities	128	138
Commission of Fine Arts	130	142
Advisory Council on Historic Preservation	131	143
National Capital Planning Commission	131	143
United States Holocaust Memorial Museum	131	144
Presidio Trust	132	144
Title III—General Provisions	132	145

COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended, requires that the report accompanying a bill providing new budget authority contain a Statement detailing how the authority compares with the reports submitted under section 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

[In millions of dollars]

	Sec. 302(b)		This bill—	
	Discretionary	Mandatory	Discretionary	Mandatory
Budget authority	\$19,627	64	\$19,627	64
Outlays	19,400	70	19,400	70

SUMMARY OF THE BILL

The Committee has conducted hearings on the programs and projects provided for in the Interior and Related Agencies Appropriations bill for 2004. The hearings are contained in 8 published volumes totaling nearly 8,500 pages.

During the course of the hearings, testimony was taken at 9 hearings on 8 days, not only from agencies which come under the jurisdiction of the Interior Subcommittee, but also from Members of Congress, and, in written form, from State and local government officials, and private citizens.

The bill that is recommended for fiscal year 2004 has been developed after careful consideration of all the facts and details available to the Committee.

BUDGET AUTHORITY RECOMMENDED IN BILL BY TITLE

Activity	Budget estimates, fiscal year 2004	Committee bill, fiscal year 2004	Committee bill com- pared with budget estimates
Title I, Department of the Interior: New Budget (obligational) authority	\$9,763,661,000	\$9,667,322,000	– \$96,339,000
Title II, related agencies: New Budget (obligational) authority	9,727,318,000	9,933,803,000	+206,485,000
Grand total, New Budget (obligational) authority	19,490,979,000	19,601,125,000	+110,146,000

TOTAL APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR
AND RELATED AGENCIES

In addition to the amounts in the accompanying bill, which are reflected in the table above, permanent legislation authorizes the continuation of certain government activities without consideration by the Congress during the annual appropriations process.

Details of these activities are listed in tables at the end of this report. In fiscal year 2003, these activities are estimated to total \$3,445,579,000. The estimate for fiscal year 2004 is \$3,518,554,000.

The following table reflects the total budget (obligational) authority contained both in this bill and in permanent appropriations for fiscal years 2003 and 2004.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES TOTAL BUDGET AUTHORITY FOR FISCAL
YEARS 2003–2004

Item	Fiscal year 2003	Fiscal year 2004	Change
Interior and related agencies appropriations bill	\$19,787,481,000	\$19,601,125,000	– \$186,356,000
Permanent appropriations, Federal funds	2,849,661,000	2,889,662,000	+40,001,000
Permanent appropriations, trust funds	595,918,000	628,892,000	+32,974,000
Total budget authority	23,233,060,000	23,119,679,000	– 113,381,000

REVENUE GENERATED BY AGENCIES IN BILL

The following tabulation indicates total new obligational authority to date for fiscal years 2002 and 2003, and the amount recommended in the bill for fiscal year 2004. It compares receipts generated by activities in this bill on an actual basis for fiscal year 2002 and on an estimated basis for fiscal years 2003 and 2004. The programs in this bill are estimated to generate \$8.2 billion in revenues for the Federal Government in fiscal year 2004. Therefore, the expenditures in this bill will contribute to economic stability rather than inflation.

Item	Fiscal year—		
	2002	2003	2004
New obligational authority	\$19,157,770,000	\$19,787,481,000	\$19,601,125,000
Receipts:			
Department of the Interior	8,337,983,000	8,268,121,000	7,815,176,000
Forest Service	334,446,000	389,191,000	399,511,000
Naval Petroleum Reserves	6,728,000	6,988,000	6,927,000
Total receipts	8,679,157,000	8,664,300,000	8,221,614,000

APPLICATION OF GENERAL REDUCTIONS

The level at which sequestration reductions shall be taken pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, if such reductions are required in fiscal year 2004, is defined by the Committee as follows:

As provided for by section 256(1)(2) of Public Law 99-177, as amended, and for the purpose of a Presidential Order issued pursuant to section 254 of said Act, the term “program, project, and activity” for items under the jurisdiction of the Appropriations Subcommittees on the Department of the Interior and Related Agencies of the House of Representatives and the Senate is defined as (1) any item specifically identified in tables or written material set forth in the Interior and Related Agencies Appropriations Act, or accompanying committee reports or the conference report and accompanying joint explanatory statement of the managers of the committee of conference; (2) any Government-owned or Government-operated facility; and (3) management units, such as National parks, National forests, fish hatcheries, wildlife refuges, research units, regional, State and other administrative units and the like, for which funds are provided in fiscal year 2004.

The Committee emphasizes that any item for which a specific dollar amount is mentioned in any accompanying report, including all increases over the budget estimate approved by the Committee, shall be subject to a percentage reduction no greater or less than the percentage reduction applied to all domestic discretionary accounts.

FEDERAL FUNDING OF INDIAN PROGRAMS

The Committee recommends appropriations of new budget authority aggregating \$5.5 billion for Indian programs in fiscal year 2004. This is an increase of \$26 million above the budget request and an increase of \$247 million above the amount appropriated for fiscal year 2003. Spending for Indian services by the Federal Government in total is included in the following table.

[In thousands of dollars]

	Approps bills	FY 2002 actual	FY 2003 estimate	FY 2004 budget request
Department of Agriculture	(Agriculture)	671,438	709,547	720,958
Army Corps of Engineers	(Energy/Water)	26,007	23,631	21,853
Department of Commerce	(C/I/S)	29,138	12,534	12,534
Department of Defense	(Defense)	18,000	18,000	0
Department of Education	(Labor/HHS/ED)	2,032,236	2,113,264	2,249,841
Department of Health & Human Services	(L/HHS/Interior)	3,277,192	3,350,956	3,458,012
Department of Housing & Urban Development	(VA/HUD)	731,557	729,500	725,500
Department of the Interior	(Interior)	2,638,061	2,761,654	2,906,204
Department of Justice	(C/I/S)	241,392	208,656	214,867
Department of Labor	(Labor/HHS/ED)	73,919	70,014	70,014
Department of Transportation	(Transportation)	245,840	272,076	329,170
Department of Veterans Affairs	(VA/HUD)	544	558	563
Environmental Protection Agency	(VA/HUD)	228,698	229,800	234,800
Small Business Administration	(C/I/S)	0	1,000	1,000
Smithsonian Institution	(Interior)	67,896	53,517	52,024
Department of the Treasury	(VA/HUD)	5,000	5,000	3,500
<hr/>				
Other Agencies & Independent Agencies:				
Department of Energy—Tribal Program	(Energy/Water)	2,840	8,307	6,000
National Science Foundation	(VA/HUD)	9,910	9,980	9,980

[In thousands of dollars]

	Approps bills	FY 2002 ac- tual	FY 2003 estimate	FY 2004 budget re- quest
Morris K. Udall Foundation	(Treasury)	345	500	163
Denali Commission	(C/I/S)	46,550	38,475	19,475
Institute of Museum and Library Services	(Labor/HHS/ED)	2,941	3,075	3,225
Office of Navajo and Hopi Indian Relocation	(Interior)	15,148	14,491	13,532
Institute of American Indian and Alaska	(Interior) .....	.....	.....	.....
Native Culture and Arts Development (IAIA)	(Interior)	4,490	5,490	5,250
Total, Others .....	.....	82,224	80,318	57,625
Grand Total .....	.....	10,369,142	10,640,025	11,058,465

CONSTITUTIONAL AUTHORITY

Clause 3(d)(1) of rule XIII of the House of Representatives states that:

Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution.

The Committee on Appropriations bases its authority to report this legislation from Clause 7 of Section 9 of Article I of the Constitution of the United States of America which states: "No money shall be drawn from the Treasury but in consequence of Appropriations made by law. * * *"

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

ALLOCATING CONGRESSIONAL FUNDING PRIORITIES

The Committee continues to be concerned that the agencies funded by this Act are not following a standard methodology for allocating appropriated funds to the field where Congressional funding priorities are concerned. When Congressional instructions are provided, the Committee expects these instructions to be closely monitored and followed. The Committee directs that earmarks for Congressional funding priorities be first allocated to the receiving units, and then all remaining funds should be allocated to the field based on established procedures. Field units or programs should not have their allocations reduced because of earmarks for Congressional priorities without direction from or advance approval of the Committee.

REPROGRAMMING GUIDELINES

The Committee has revised the reprogramming guidelines to address the issue of assessments and charges within department and agencies or by other agencies, and to clarify other issues. The changes dealing with assessments, as reflected in sections 2(e) and 10 below, clarify in 2(e) that the head of any department or agency or bureau may not assess or charge subordinate entities for services or products above the amounts that are listed in the budget justification without formal Committee approval. If there are any overhead charges or other assessments or charges that are not listed in the budget justification, the head of the department or agency

may not require payment of such charges or assessments without Committee approval. This same instruction (see section 10 below) applies to assessments from other agencies such as the General Services Administration.

Section 9 has been modified to delete the reference to legislative committees. Sections 11, 12, and 13 have been added dealing with land acquisitions and forest legacy projects, land exchanges, and appropriations structure issues. Several other minor technical changes have been made and section 9(b) has been added dealing with Forest Service transfers.

The following are revised procedures governing reprogramming actions for programs and activities funded in the Interior and Related Agencies Appropriations Act:

1. *Definition.*—"Reprogramming," as defined in these procedures, includes the reallocation of funds from one budget activity to another. In cases where either Committee report displays an allocation of an appropriation below the activity level, that more detailed level shall be the basis for reprogramming. For construction accounts, a reprogramming constitutes the reallocation of funds from one construction project identified in the justifications to another. A reprogramming shall also consist of any significant departure from the program described in the agency's budget justifications. This includes proposed reorganizations even without a change in funding.

2. *Guidelines for Reprogramming.*—(a) A reprogramming should be made only when an unforeseen situation arises; and then only if postponement of the project or the activity until the next appropriation year would result in actual loss or damage. Mere convenience or desire should not be factors for consideration.

(b) Any project or activity which may be deferred through reprogramming shall not later be accomplished by means of further reprogramming; but, instead, funds should again be sought for the deferred project or activity through the regular appropriations process.

(c) Reprogramming should not be employed to initiate new programs or to change allocations specifically denied, limited or increased by the Congress in the Act or the report. In cases where unforeseen events or conditions are deemed to require such changes, proposals shall be submitted in advance to the Committee, regardless of amounts involved, and be fully explained and justified.

(d) Reprogramming proposals submitted to the Committee for approval shall be considered approved 30 calendar days after receipt if the Committee has posed no objection. However, agencies will be expected to extend the approval deadline if specifically requested by either Committee.

(e) The Secretary or agency head may not assess, charge or bill bureaus or other subordinate entities more than the amounts listed in the budget justification for any products or services, or institute any additional assessments, without formal Committee approval.

3. *Criteria and Exception.*—Any proposed reprogramming must be submitted to the Committee in writing prior to implementation if it exceeds \$500,000 annually or results in an increase or decrease

of more than 10 percent annually in affected programs, with the following exception:

With regard to the tribal priority allocations activity of the Bureau of Indian Affairs, Operations of Indian Programs account, there is no restriction on reprogrammings among the programs within this activity. However, the Bureau shall report on all reprogrammings made during the first six months of the fiscal year by no later than May 1 of each year, and shall provide a final report of all reprogrammings for the previous fiscal year by no later than November 1 of each year.

4. *Quarterly Reports.*—(a) All reprogrammings shall be reported to the Committee quarterly and shall include cumulative totals. (b) Any significant shifts of funding among object classifications also should be reported to the Committee.

5. *Administrative Overhead Accounts.*—For all appropriations where costs of overhead administrative expenses are funded in part from “assessments” of various budget activities within an appropriation, the assessments shall be shown in justifications under the discussion of administrative expenses.

6. *Contingency Accounts.*—For all appropriations where assessments are made against various budget activities or allocations for contingencies, the Committee expects a full explanation, separate from the justifications. The explanation shall show the amount of the assessment, the activities assessed, and the purpose of the fund. The Committee expects reports each year detailing the use of these funds. In no case shall a fund be used to finance projects and activities disapproved or limited by Congress or to finance new permanent positions or to finance programs or activities that could be foreseen and included in the normal budget review process. Contingency funds shall not be used to initiate new programs.

7. *Declarations of Taking.*—The Committee directs the Bureau of Land Management, the U.S. Fish and Wildlife Service, the National Park Service, and the Forest Service to seek Committee approval in advance of filing declarations of taking.

8. *Report Language.*—Any limitation, directive, or earmarking contained in either the House or Senate report which is not contradicted by the other report nor specifically denied in the conference report shall be considered as having been approved by both Houses of Congress.

9. *Forest Service.*—The following procedures shall apply to the Forest Service, Department of Agriculture:

(a) The Forest Service shall not change the boundaries of any region, abolish any region, move or close any regional office for research, State and private forestry, or National Forest System administration, without the consent of the House and Senate Committees on Appropriations in compliance with these reprogramming procedures.

(b) Provisions of section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257) and of 7 U.S.C. 147b shall apply to appropriations available to the Forest Service only to the extent that the proposed transfer is approved by the House and Senate Committees on Appropriations in compliance with these reprogramming procedures.

10. *Assessments.*—No assessments shall be levied against any program, budget activity, subactivity, or project funded by the Inte-

rior Appropriations Act unless such assessments and the basis therefore are presented to the Committees on Appropriations and are approved by such Committees, in compliance with these procedures.

11. *Land Acquisitions and Forest Legacy*.—Lands shall not be acquired for more than the approved appraised value (as addressed in section 301(3) of Public Law 91-646) except for condemnations and declarations of taking, unless such acquisitions are submitted to the Committees on Appropriations for approval in compliance with these procedures.

12. *Land Exchanges*.—Land exchanges, wherein the estimated value of the Federal lands to be exchanged is greater than \$500,000, shall not be consummated until the Committees on Appropriations have had a 30-day period in which to examine the proposed exchange.

13. The appropriation structure for any agency shall not be altered without advance approval of the House and Senate Committees on Appropriations.

EROSION OF BASE PROGRAM BUDGETS

The Committee is concerned about the erosion of the capability of the agencies funded in this bill to deliver programs and services to the American people. Each of the last three budgets has only partially funded the costs of employee pay increases, as proposed by the Administration and approved by the Congress. Many of the agencies are salary intensive, funding on-the-ground work by rangers, biologists, maintenance workers, educators and other dedicated and skilled employees at the Nation's parks, wildlife refuges, public land districts, National forests, scientific laboratories, and Indian agencies, hospitals and schools. If funding to cover pay increases is "absorbed", programs and service inevitably are reduced. In the case of the Department of the Interior alone, cumulative pay costs of at least \$225 million will be absorbed in fiscal year 2004. In the case of the National Park Service operating account, fixed cost absorption is equivalent to a three percent reduction from 2001 program levels. Also unfunded are uncontrollable costs, such as utilities, rent increases, and inflationary costs that are beyond the agencies' control and must be paid. Medical inflation has averaged 15% per year, yet there have been no funds provided to the Indian Health Service for non-pay inflation in many years.

The absorption of uncontrollable pay costs has been compounded by substantial unbudgeted costs that have been incurred for activities associated with management initiatives, including competitive sourcing, budget and performance integration, financial management reform, activity based costing, the program assessment rating tool, and e-government. While the Committee is supportive of the goals of these initiatives, the costs have, by-in-large, not been requested in annual budget justifications or through reprogramming procedures. The Committee has thus been unable to evaluate the costs, benefits and effectiveness of these initiatives or to weigh the priority that these initiatives should receive as compared with the important ongoing programs funded in the bill.

Compounding the situation for the agencies is the reluctance of the Office of Management and Budget to reimburse agencies, such as the National Park Service, for costs associated with anti-ter-

rorism security requirements. Since January 2003, the National Park Service alone has incurred increased security costs in excess of \$8 million.

In fiscal year 2004, “information technology savings” have been levied by the Administration as cuts to agency budgets. While the Committee supports the concept, it is unlikely that these savings will be achieved in 2004.

The Committee believes that if this trend continues, there will undoubtedly be reductions in services to the American public and urges the Administration to present more realistic fiscal year 2005 budget justifications that reflect the true costs to agencies of fixed cost increases and management initiatives.

COMPETITIVE SOURCING

The Committee has carefully reviewed the application of the Administration’s Competitive Sourcing initiative within the agencies and bureaus under its jurisdiction. While there is certainly merit to this undertaking, and the Committee commends the Department of the Interior, in particular, for its approach to addressing this issue, the Committee remains concerned about the massive scale, seemingly arbitrary targets, and considerable costs associated with this initiative, costs which are expected to be absorbed by the agencies at a time when federal budgets are declining.

The Committee is no stranger to competitive sourcing. In fiscal year 1996, after careful review, the Committee required the United States Geological Survey’s National Mapping Division to contract out 60 percent of its map and digital data production activities. The Committee has carefully monitored, on an annual basis, the quality of the product, the overall effect this approach had on the Survey’s workforce, the ability of the National Mapping Division to maintain those workforce skills necessary to manage effectively the contracts in the future, and the ability of the National Mapping Division to maintain a cadre of skilled cartographers to ensure that the Geological Survey remains at the cutting edge of its mission-essential disciplines.

Similarly, in 1999, the Committee responded to recommendations made by the National Academy of Public Administration by requiring the outsourcing of 90 percent of the National Park Service’s construction operation—the Denver Service Center. As with the U.S. Geological Survey, workforce skills were retained by the Service to manage projects handled in-house and to oversee private sector contracts.

The Committee understands that the Forest Service expects to spend \$10 million during fiscal year 2003 on competitive sourcing activities. The Committee is concerned that all forests and most contracting officers will be heavily impacted by this effort at a time when they should concentrate their attention on improving business practices that were adversely affected by last year’s severe fiscal situation due to the redirection of funds for emergency fire-fighting.

This massive initiative appears to be on such a fast track that the Congress and the public are neither able to participate nor understand the costs and implications of the decisions being made. In addition, the Committee’s required reprogramming guidelines are

not being followed. While millions have been spent, reprogramming letters have not been forwarded to the Committee.

Based on these and other concerns the Committee has included bill language under Title III—General Provisions limiting competitive sourcing activities to those that are currently underway for fiscal years 2002 and 2003. Each agency should provide an in-depth report to the Committee detailing the results of completed studies and the action to be taken as a result of those studies. The reports should be completed by March 1, 2004, and should include specific schedules, plans, and cost analyses for the outsourcing competitions.

LAND ACQUISITION

The Committee remains very concerned about the unfocused direction demonstrated in Federal Land Acquisition priorities for Interior and Related Agencies. There are no clear acreage goals for acquisition of Federal lands and little coordination among the four land management agencies involved. There needs to be a greater focus on how to determine the best potential management agency for each land tract. At times it appears that agencies seek to expand boundaries without consideration of the large backlog of inholdings that currently exist.

The Committee directs the Secretary of the Interior and the Secretary of Agriculture to develop jointly a long-term national plan outlining the acreage goals and conservation objectives for Federal land acquisition. The plan must demonstrate how the agencies will work together to realize acreage goals and must include a schedule for monitoring progress in meeting Federal land acquisition goals. Additionally, the plan should: (1) evaluate existing authorities regarding the disposal and consolidation of Federal Lands; (2) review the methods employed for receiving and evaluating public input on potential acquisitions; and (3) address the reimbursement of all costs associated with the transfer of former military and other Federal lands to the Department of the Interior and the Forest Service. The report should be delivered to the Committee no later than March 30, 2004.

The Committee strongly discourages boundary expansions until such time as the agencies develop and submit the long-term report mentioned above.

The Committee directs the agencies to place the highest priority on acquiring inholdings that consolidate Federal lands and reduce management costs to agencies. Further, conservation easements or land exchanges should be considered for each land acquisition before any “fee simple” purchase is proposed.

Future budget submissions must contain an evaluation of operation and maintenance costs associated with each proposed purchase and these costs should be requested in the operation and maintenance portion of each agency’s budget justification.

The Committee remains concerned about the involvement of third-party land conservation groups and their relationship to the priorities set forth by Federal agencies for acquisition. Each agency should indicate clearly in future budget submissions when a third-party land conservation group is monetarily involved in a proposed acquisition.

Finally, the Committee expects each agency to justify fully how each proposed acquisition comports with the long-term plan. This information should be displayed in the fiscal year 2005 budget justification and in subsequent budget justifications.

RECREATIONAL FEE DEMONSTRATION PROGRAM

The Committee has included bill language in Title III (Section 332) extending the recreational fee demonstration program for an additional two years, consistent with the Administration request. The Committee encourages the authorizing Committees to continue work on this issue and enact a more comprehensive solution. The extension is needed to provide consistency and predictability for the American public and recreation providers.

This program, begun in the fiscal year 1996 Interior and Related Agencies Appropriations Act, allows the National Park Service, Bureau of Land Management, U.S. Fish and Wildlife Service, and Forest Service to charge certain fees for recreation activities and retain those fees at the site to reduce the backlog in deferred maintenance and enhance the visitor experience. To date, the fee program has raised nearly one billion dollars to enhance recreational experiences on America's public lands. As the agencies move from experimental phases of the early program implementation, the Committee expects that business practices and management will improve.

SUMMARY OF RECREATIONAL FEE DEMONSTRATION PROGRAM RECEIPTS

(Millions of dollars)

	1997-2002 actual	FY 2003 estimate	FY 2004 estimate	Total
National Park Service	\$584	\$124.7	\$124.7	\$833.4
Bureau of Land Management	24.7	9.5	9.5	43.7
Fish and Wildlife Service	14.1	3.8	4.0	21.9
USDA Forest Service	124.2	40	42	206.2
Total	747	178	180.2	1,105.2

The Committee expects to see positive changes as the program moves from the demonstration phase to a mature program. As the agencies work with the authorizing committees on permanent legislation, the Committee offers the following guidance:

- The public should not be excluded from the public lands due to excessive fees;
- Recreation receipts should be retained and used at the site of collection;
- Fees should be focused on areas where there is a Federal infrastructure investment, and not be required for general access to national forests or public lands;
- Interagency programs and passes should be increased for the convenience of the public;
- There needs to be full accountability for the use of the receipts;
- Agencies need to maintain good business practices, but the public lands should not be run as a profit-making business;

- Agencies should work with users and communities to help decide on the use of the receipts;
- Receipts should be used to reduce the backlog maintenance and for visitor service enhancements;
- The receipts should not be used to replace Federal appropriations for recreation, rather, they should complement the Federal investment;
- The fee structure should be kept simple; visitor convenience needs to be increased;
- The public should not be subjected to multiple fees on the various public lands they visit;
- Agencies should encourage volunteerism and reward it with reduced fees; and
- Fees should be structured to provide equity among user groups.

ENERGY RESEARCH—RESPONDING TO THE NATIONAL ENERGY POLICY

Two years ago the Committee wholeheartedly welcomed the Administration's National Energy Policy. The Committee agrees that the Department of Energy needs to do a better job measuring potential program success and discontinuing programs that do not yield expected results. The Committee also believes that new programs should be considered and promising research should be expanded if we are to achieve the goals of energy independence, dramatically lower energy consumption, and significantly reduced emissions of harmful pollutants from energy production and use. It is also critically important to continue existing, successful research programs.

The Committee disagrees with the fiscal year 2004 budget request's focus on a few major initiatives and program expansions at the expense of critical ongoing research. The Committee's recommendations present a balanced approach to handling the supply and demand sides of the energy issue and to funding long-term research while continuing promising, ongoing shorter-term research.

Incremental improvements to existing technology are critical to achieve short-term and mid-term energy efficiency improvements and emission reductions. We cannot afford to abandon ongoing research in the hope that potential, cutting-edge improvements can be achieved in the next 15 or 20 years. Indeed, the government's track record for picking "winning" technologies of the future has not been good. Too often new technologies have been pursued based on economic assumptions of their affordability that fail to materialize. Most major energy savings are achieved over time through incremental improvements to existing technologies. This country and the world will rely on traditional sources of energy supply and on current technology for at least the next 20 years. We can't afford to back away from research on coal, oil, and natural gas while we look for alternative technologies.

The Committee's recommendations acknowledge that we need both traditional fuels and alternative fuels and we need to find ways to use all fuels and technologies more efficiently and more cleanly. To meet the ever-growing need for energy, domestically and worldwide, we are going to need to burn traditional fossil fuels more efficiently and with lower emissions. We need to expand our

which could reduce staffing by less than 65 persons in any single, rural office.

DEPARTMENT OF ENERGY

CLEAN COAL TECHNOLOGY

(DEFERRAL)

The Committee recommends the deferral of \$86,000,000 in clean coal technology funding until fiscal year 2005. These funds are needed for the successful conclusion of existing clean coal projects but will not be required for obligation in fiscal year 2004.

The Committee has directly appropriated funding for the continued administration of this program and the follow-on clean coal power initiative under the fossil energy research and development account. It is important that these funds become a part of the recurring base budget for fossil energy research and development.

The Committee continues to support the U.S./China Energy and Environmental Center, which supports and assists the efforts of U.S. companies to promote the use of American clean energy technology in China. This technology will greatly reduce emissions and improve energy efficiency. Up to \$1,000,000 in clean coal technology funding may be used for this purpose in fiscal year 2004.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Fossil energy research and development programs make prudent investments in long-range research and development that help protect the environment through higher efficiency power generation, advanced technologies and improved compliance and stewardship operations. These activities safeguard our domestic energy security. This country will continue to rely on traditional fuels for the majority of its energy requirements for the foreseeable future, and the activities funded through this account ensure that energy technologies continue to improve with respect to emissions reductions and control and energy efficiency.

Fossil fuels, especially coal, are this country's most abundant and lowest cost fuels for electric power generation. They are why this country enjoys the lowest cost electricity of any industrialized economy. The prospects for technology advances for coal and other fossil fuels are just as bright as those for alternative energy sources such as solar, wind, and geothermal. The power generation technology research funded under this account has the goal of developing virtually pollution-free power plants within the next 15 or 20 years and doubling the amount of electricity produced from the same amount of fuel.

Appropriation enacted, 2003	\$620,837,000
Budget estimate, 2004	514,305,000
Recommended, 2004	609,290,000
Comparison:	
Appropriation, 2003	- 11,547,000
Budget estimate, 2004	+94,985,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

	(dollars in thousands)				
	FY 2003 Enacted	FY 2004 Request	Recommended	Recommended versus Enacted	Request

Fossil Energy Research and Development					
Clean coal power initiative.....	149,025	130,000	130,000	-19,025	---
Fuels and Power Systems					
Central Systems					
Innovations for existing plants.....	22,056	22,000	22,000	-56	---
Advanced Systems					
Integrated gasification combined cycle.....	44,360	51,000	51,000	+6,640	---
Combustion systems including hybrid.....	10,332	---	5,000	-5,332	+5,000
Turbines.....	16,889	13,000	13,000	-3,889	---
Subtotal, Advanced Systems.....	71,581	64,000	69,000	-2,581	+5,000

Subtotal, Central Systems.....	93,637	86,000	91,000	-2,637	+5,000
Sequestration R&D					
Greenhouse gas control.....	39,939	62,000	40,800	+861	-21,200
Fuels					
Transportation fuels and chemicals.....	21,956	5,000	21,500	-456	+16,500
Solid fuels and feedstocks.....	5,961	---	6,060	+99	+6,060
Advanced fuels research.....	3,279	---	3,000	-279	+3,000
Subtotal, Fuels.....	31,196	5,000	30,560	-636	+25,560

Advanced Research					
Coal utilization science.....	8,941	9,000	9,000	+59	---
Materials.....	8,941	12,000	12,000	+3,059	---
Technology crosscut.....	11,078	9,500	11,500	+422	+2,000
University coal research.....	2,981	5,000	3,000	+19	-2,000
HBCUs, education and training.....	993	2,000	1,000	+7	-1,000
Subtotal, Advanced Research.....	32,934	37,500	36,500	+3,566	-1,000

	(dollars in thousands)				
	FY 2003 Enacted	FY 2004 Request	Recommended	Recommended versus Enacted	Request
Distributed Generation Systems - Fuel Cells					
Advanced research.....	3,477	10,000	10,000	+6,523	---
Systems development.....	9,935	6,000	9,000	-935	+3,000
Vision 21-hybrids.....	13,412	5,000	13,000	-412	+8,000
Innovative concepts.....	33,779	23,500	35,500	+1,721	+12,000
Novel generation.....	3,005	2,500	2,500	-505	---
Subtotal, Distributed Generation Systems - Fuel Cells.....	63,608	47,000	70,000	+6,392	+23,000
Subtotal, Fuels and Power Systems.....	261,314	237,500	268,860	+7,546	+31,360
Gas					
Natural Gas Technologies					
Exploration and production.....	23,298	14,000	19,480	-3,818	+5,480
Gas hydrates.....	9,438	3,500	5,500	-3,938	+2,000
Infrastructure.....	8,991	---	9,000	+9	+9,000
Emerging processing technology applications.....	2,663	6,555	---	-2,663	-6,555
Effective environmental protection.....	2,623	2,500	2,500	-123	---
Subtotal, Gas.....	47,013	26,555	36,480	-10,533	+9,925
Petroleum - Oil Technology					
Exploration and production supporting research.....	23,248	2,000	17,200	-6,048	+15,200
Reservoir life extension/management.....	8,941	5,000	7,000	-1,941	+2,000
Effective environmental protection.....	9,836	8,000	8,000	-1,836	---
Subtotal, Petroleum - Oil Technology.....	42,025	15,000	32,200	-9,825	+17,200
Cooperative R&D.....	8,186	6,000	8,000	-186	+2,000
Fossil energy environmental restoration.....	9,652	9,715	9,715	+63	---
Import/export authorization.....	2,981	2,750	2,750	-231	---
Headquarters program direction.....	18,777	22,700	22,700	+3,923	---
Energy Technology Center program direction.....	68,452	70,085	70,085	+1,633	---
Clean coal program direction.....	---	---	15,000	+15,000	+15,000
General plant projects.....	6,954	3,000	3,000	-3,954	---

	(dollars in thousands)				
	FY 2003	FY 2004	Recommended versus		
	Enacted	Request	Recommended	Enacted	Request
Advanced metallurgical processes.....	5,961	10,000	10,000	+4,039	---
Use of prior year balances.....	---	-14,000	---	---	+14,000
Transfer from SPR petroleum account.....	---	-5,000	---	---	+5,000
National Academy of Sciences program review.....	497	---	500	+3	+500
	=====	=====	=====	=====	=====
Total, Fossil Energy Research and Development...	620,837	514,305	609,290	-11,547	+94,985
	=====	=====	=====	=====	=====

The Committee recommends \$609,290,000 for fossil energy research and development, an increase of \$94,985,000 above the budget request and a decrease of \$11,547,000 below the fiscal year 2003 level. The increase above the budget request is due, in part, to the fact that the budget assumed the use of \$19,000,000 in prior year funds that are not available and did not include \$15,000,000 for administration of the clean coal power initiative and its predecessor programs. Changes to the budget request are detailed below.

Clean Coal Power Initiative.—The Committee recommends \$130,000,000, the budget request for the clean coal power initiative. The Committee is concerned that the \$20,000,000 reduction to this program may delay achievement of program goals and asks the Department and the Administration to consider carefully a substantial increase for the program in fiscal year 2005.

Fuels and Power Systems.—The Committee recommends \$268,860,000 for fuels and power systems including an increase of \$5,000,000 for advanced systems/combustion systems including hybrids to replace the pressurized fluidized bed program. In sequestration research, there is a decrease of \$21,200,000 including decreases of \$8,000,000 for the ongoing fossil energy climate change programs and \$13,200,000 for the proposed National climate change technology initiative. In transportation fuels and chemicals, increases include \$6,000,000 for syngas membrane technology and \$10,500,000 for the ultra clean fuels program. In solid fuels and feedstock, increases include \$1,000,000 for premium carbon products, \$3,000,000 for advanced separation technology, \$2,000,000 for coal-derived jet fuels, and \$60,000 for program support. In advanced fuels research there is an increase of \$3,000,000 including \$2,000,000 for the C-1 chemistry program. In advanced research, there is an increase of \$2,000,000 in technology crosscut for the focus area for computational energy science and decreases of \$2,000,000 for university coal research and \$1,000,000 for historically black colleges and universities education and training. In distributed generation systems there is an increase of \$23,000,000 including increases of \$3,000,000 for fuel cell systems development to continue the molten carbonate program including the hybrid program, \$8,000,000 for the vision 21 hybrids program to continue solid oxide fuel cell development including the hybrid program, and \$12,000,000 for innovative systems to continue solid state energy conversion alliance programs.

Natural Gas Technologies.—The Committee recommends \$36,480,000 for natural gas technologies. In exploration and production, there is a net increase of \$5,480,000 including increases of \$10,000,000 for advanced drilling, completion and stimulation, \$4,000,000 for advanced diagnostics and imaging systems, \$2,000,000 for National laboratory/industry partnerships, \$1,200,000 for stripper well revitalization, \$500,000 for technology transfer, \$1,500,000 for Deep Trek, and \$140,000 for program support, and a decrease of \$13,860,000 for sustainable supply. The Committee notes that all of the existing programs support sustainable supply. Other increases include \$2,000,000 for the gas hydrates program and \$9,000,000 in natural gas infrastructure including \$2,000,000 for storage technology and \$7,000,000 for delivery reliability. There is also a decrease of \$6,555,000 in emerging

processing technology for research on producing hydrogen from natural gas.

Oil Technology.—The Committee recommends \$32,200,000 for oil technology. In exploration and production supporting research, increases include \$2,000,000 for advanced drilling, completion and stimulation, \$5,000,000 for advanced diagnostics and imaging systems, \$2,000,000 for National laboratory/industry partnerships, \$5,000,000 for reservoir efficiency processes, \$1,000,000 for cooperative research with Russia, and \$200,000 for program support. There is also an increase of \$2,000,000 for the reservoir life extension program.

Other.—The Committee recommends increases of \$2,000,000 for cooperative research and development, \$15,000,000 for administration of the clean coal power initiative and its predecessor programs (to be divided appropriately between headquarters program direction and field office (National Energy Technology Laboratory) program direction), \$14,000,000 because prior year funds (as proposed for us by the Administration to offset 2004 requirements) are not available, \$5,000,000 because funds are not available to transfer from the Strategic Petroleum Reserve petroleum account and \$500,000 for ongoing program reviews by the National Academy of Sciences.

The Committee agrees to the following:

1. The Committee recognizes the importance of research competitions involving university students as a cost effective strategy, and expects the Department to incorporate this strategy in its fossil energy fuel cells research programs and other important research areas. The Department should establish such university competitions to stimulate private sector research, innovation, and technology deployment to enhance the accomplishments of mission-essential, core technology goals.

2. The Administration's recently announced "Future Gen" program is an interesting concept, but it needs to be fully justified in future budgets before it can be considered for funding by the Committee. The funding for this program cannot come at the expense of other import fossil energy research and development programs.

3. Funds for administration of the remaining clean coal technology projects and the new clean coal power initiative projects need to remain in the base budget for fossil energy research and development. The \$15,000,000 recommended by the Committee should be appropriately divided between headquarters and field office (NETL) program direction.

4. Oil and natural gas research is critical to improving current technology and ensuring the best use of our domestic oil and gas reserves. These research areas need more serious consideration in future budgets.

5. The Russia technology program should include the expansion of seismic data from four Arctic basins, the identification of potential reservoir classes where technologies could add the greatest volumes of economically recoverable oil, and the development of operational practices for production, transportation, and export that adhere to international standards.

6. In general plant projects, \$2,000,000 is provided for NETL and \$1,000,000 is for the Albany, OR research center.

7. The proposed use of prior year funds and the transfer of Strategic Petroleum Reserve account funds to offset fossil energy research and development requirements in fiscal year 2004 are not agreed to. Congress rescinded the SPR account funds in fiscal year 2003.

8. The National Climate Change Technology Initiative is not recommended for funding. NCCTI should be more clearly defined. The concerns expressed in the recent National Academies review should be addressed and the program should be fully justified and funding requested in future budgets as a separate account in the Energy and Water appropriations bill.

9. Several programs funded in the energy conservation account need to be closely coordinated with fossil energy programs so that the highest priority energy research projects are funded. They include the cooperative programs with States and the energy efficiency science initiative. Half of the funding for the energy efficiency science initiative is managed by fossil energy, as legislated in the fiscal year 2003 Interior and Related Appropriations Act, so that the highest priority energy research projects are funded. This same direction applies to the mining industry of the future program, the industrial gasification program and the reciprocating engines program.

10. The \$500,000 for the National Academy of Sciences review of programs should remain in the base for a continuing annual review by the Academy of programs, using the Academy's matrix, to measure the relative benefits expected to be achieved and to inform decision making on what programs should be continued, expanded, scaledback, or eliminated.

NAVAL PETROLEUM AND OIL SHALE RESERVES

The Naval Petroleum and Oil Shale Reserves are managed by the Department of Energy to achieve the greatest value and benefit to the Government. In fiscal year 1998, NPR-1 (Elk Hills) was sold as mandated by the National Defense Authorization Act for fiscal year 1996. That Act also directed the Department to conduct a study of the remaining properties—3 Naval Oil Shale Reserves and NPR-2 and NPR-3. The National Defense Authorization Act for fiscal year 1998 directed the transfer of two of the oil shale reserves (NOSR-1 and NOSR-3) to the Department of the Interior. On January 14, 2000, the Department announced it would return a portion of the NOSR-2 property in Utah to the Ute Indian Tribe. Two properties remain under the jurisdiction of the Department of Energy. They are NPR-2 in Kern County, CA and NPR-3 in Natrona County, WY. The DOE continues to be responsible for routine operation and maintenance of NPR-3, management of the Rocky Mountain Oilfield Testing Center at NPR-3, lease management at NPR-2, and continuing environmental and remediation work at Elk Hills. For several years after the sale of Elk Hills, these programs were operated largely with prior year unobligated balances. Those balances were mostly exhausted by fiscal year 2003 and appropriations to the account were restored in that year.

Appropriation enacted, 2003	\$17,715,000
Budget estimate, 2004	16,500,000
Recommended, 2004	20,500,000
Comparison:	
Appropriation, 2003	+2,785,000
Budget estimate, 2004	+4,000,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

(dollars in thousands)					
	FY 2003	FY 2004	Recommended versus		
	Enacted	Request	Recommended	Enacted	Request

Naval Petroleum and Oil Shale Reserves					
Oil Reserves					
Production and operations.....	---	9,101	12,101	+12,101	+3,000
Management.....	--	7,399	8,399	+8,399	+1,000
Naval petroleum reserves Nos. 1 & 2.....	5,391	---	---	-5,391	---
Naval petroleum reserve No. 3.....	6,805	---	---	-6,805	---
Program direction (headquarters).....	5,519	---	---	-5,519	---
	=====	=====	=====	=====	=====
Total, Naval Petroleum and Oil Shale Reserves...	17,715	16,500	20,500	+2,785	+4,000
	=====	=====	=====	=====	=====

The Committee recommends \$20,500,000 for the operation of the naval petroleum and oil shale reserves, an increase of \$4,000,000 above the budget request and \$2,785,000 above the fiscal year 2003 level. The increase to the budget is to restore funding for the Rocky Mountain Oilfield Testing Center, including \$3,000,000 for production and operations and \$1,000,000 for management.

ELK HILLS SCHOOL LANDS FUND

Payment to the Elk Hills school lands fund was part of the settlement associated with the sale of Naval Petroleum Reserve Numbered 1. Under the settlement, payments to the fund are to be made over a period of seven years.

The Committee recommends \$36,000,000 for the Elk Hills school lands fund, which is equal to amount available for fiscal year 2003. The Committee recommends that these funds be made available on October 1, 2004, rather than on October 1, 2003 as proposed in the budget. The Committee's recommendation is consistent with the payment of these funds in each of the past few years. This represents the sixth of seven payments to the fund, which was established as a part of the sale of the Elk Hills Naval Petroleum Reserve in California (to settle school lands claims by the State).

ENERGY CONSERVATION

The energy conservation program of the Department of Energy conducts cooperative research and development projects aimed at sustaining economic growth through more efficient energy use. Activities financed through this program focus on improving existing technologies and developing new technologies related to residential, commercial, industrial and transportation energy use. In fiscal year 2001, funds and programs were transferred from the building sector and industry sector research activities to establish a new distributed generation activity that addresses critical energy needs for next generation clean, efficient, fuel flexible technologies for industrial, commercial and institutional applications. These technologies use the waste heat energy rejected during electricity generation from microturbines, reciprocating engines, and fuel cells in the form of cooling, heating and power. This waste heat utilization is referred to as "combined heat and power". Also funded under the energy conservation heading are the Federal energy management program, which focuses on improving energy efficiency in Federal buildings, the low-income weatherization assistance program, and State energy program grants.

Appropriation enacted, 2003	\$891,769,000
Budget estimate, 2004	875,793,000
Recommended, 2004	879,487,000
Comparison:	
Appropriation, 2003	- 12,282,000
Budget estimate, 2004	+3,694,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

	(dollars in thousands)				
	FY 2003 Enacted	FY 2004 Request	Recommended	Recommended versus Enacted	versus Request

Energy Conservation					
Vehicle technologies.....	---	157,623	184,423	+184,423	+26,800
Fuel cell technologies.....	---	77,500	56,500	+56,500	-21,000
Weatherization and intergovernmental activities					
Weatherization assistance grants.....	---	288,200	225,000	+225,000	-63,200
State energy program grants.....	---	38,798	45,000	+45,000	+6,202
State energy activities.....	---	2,353	2,353	+2,353	---
Gateway deployment.....	---	27,609	35,109	+35,109	+7,500

Total, Weatherization and intergovernmental activities.....	---	356,960	307,462	+307,462	-49,498
Distributed energy resources.....	---	51,784	64,284	+64,284	+12,500
Building technologies.....	---	52,563	58,963	+58,963	+6,400
Industrial technologies.....	---	64,429	97,729	+97,729	+33,300
Biomass and biorefinery systems R&D.....	---	8,808	---	---	-8,808
Federal energy management program.....	---	19,962	19,962	+19,962	---
National climate change technology initiative.....	---	9,500	---	---	-9,500
Program management.....	---	76,664	90,164	+90,164	+13,500
Building Technology, State and Community Sector					
Building research and standards					
Technology roadmaps and competitive R&D.....	2,342	---	---	-2,342	---
Residential buildings integration.....	12,397	---	---	-12,397	---
Commercial buildings integration.....	4,481	---	---	-4,481	---
Equipment, materials and tools.....	40,155	---	---	-40,155	---

Subtotal, Building research and standards.....	59,375	---	---	-59,375	---
Building Technology Assistance					
Weatherization assistance.....	223,537	---	---	-223,537	---
State energy program.....	44,708	---	---	-44,708	---

	(dollars in thousands)				
	FY 2003 Enacted	FY 2004 Request	Recommended	Recommended versus Enacted	Request
Community partnerships.....	17,920	---	---	-17,920	---
Energy star program.....	4,173	---	---	-4,173	---
Subtotal, Building technology assistance.....	290,338	---	---	-290,338	---
Management and planning.....	14,001	---	---	-14,001	---
Subtotal, Building Technology, State and Community Sector.....	363,714	---	---	-363,714	---
Federal Energy Management Program					
Program activities.....	19,299	---	---	-19,299	---
Program direction.....	4,426	---	---	-4,426	---
Subtotal, Federal Energy Management Program.....	23,725	---	---	-23,725	---
Industry Sector					
Industries of the future (specific).....	71,646	---	---	-71,646	---
Industries of the future (crosscutting).....	58,228	---	---	-58,228	---
Management and planning.....	7,585	---	---	-7,585	---
Subtotal, Industry Sector.....	137,459	---	---	-137,459	---
Power Technologies					
Distributed generation technologies development.....	68,585	---	---	-68,585	---
Management and planning.....	1,609	---	---	-1,609	---
Subtotal, Power Technologies.....	70,194	---	---	-70,194	---
Transportation					
Vehicle technology R&D.....	163,212	---	---	-163,212	---
Fuels utilization R&D.....	20,052	---	---	-20,052	---
Materials technologies.....	37,157	---	---	-37,157	---
Technology deployment.....	15,995	---	---	-15,995	---
Management and planning.....	10,035	---	---	-10,035	---
Subtotal, Transportation.....	246,451	---	---	-246,451	---

		(dollars in thousands)			
	FY 2003	FY 2004		Recommended versus	
	Enacted	Request	Recommended	Enacted	Request

Policy and management.....	41,780	---	---	-41,780	---
National Academy of Sciences program review.....	497	---	---	-497	---
Cooperative programs with States.....	2,981	---	---	-2,981	---
Energy efficiency science initiative.....	4,968	---	---	-4,968	---
	=====	=====	=====	=====	=====
Total, Energy Conservation.....	891,769	875,793	879,487	-12,282	+3,694
	=====	=====	=====	=====	=====

The Committee recommends \$879,487,000 for energy conservation, an increase of \$3,694,000 above the budget request and a decrease of \$12,282,000 below the fiscal year 2003 level. Changes to the budget request are detailed below.

Vehicle Technologies.—The Committee recommends \$184,423,000 for vehicle technologies. There is an increase of \$500,000 in innovative concepts for graduate automotive technology education and a decrease of \$5,000,000 in hybrid and electric propulsion/energy storage for exploratory technology. In advanced combustion engine, increases include \$9,000,000 for combustion and emissions control in light and heavy-duty vehicles, \$6,000,000 for heavy truck engines, and \$3,500,000 for off-highway vehicles. There is an increase of \$1,600,000 in materials technology for the High Temperature Materials Laboratory. In fuels technology, increases include \$9,400,000 for advanced petroleum based fuels, \$3,000,000 for environmental impacts, and a net increase of \$1,100,000 for non-petroleum fuels including increases of \$500,000 for medium trucks, \$600,000 for heavy trucks, and \$800,000 for fueling infrastructure, and a decrease of \$800,000 for renewable and synthetic fuels. In technology introduction, there are decreases of \$800,000 for legislative and rulemaking activities, \$500,000 for testing and evaluation, and \$100,000 for advanced vehicle competitions. There is also a decrease of \$900,000 for the biennial FreedomCAR peer review.

Fuel Cell Technologies.—The Committee recommends \$56,500,000 for fuel cell technologies including decreases of \$1,000,000 for transportation systems, \$5,000,000 for stack component research, and \$15,000,000 for technology validation/demonstrations.

Weatherization and Intergovernmental Activities.—The Committee recommends \$307,642,000 for weatherization and intergovernmental activities including a decrease of \$63,200,000 for weatherization assistance and increases of \$6,202,000 for State energy programs and \$7,500,000 for gateway deployment of which \$2,000,000 is for Rebuild America, \$4,000,000 is for clean cities, and \$1,500,000 is for inventions and innovations.

Distributed Energy Resources.—The Committee recommends \$64,284,000 for distributed energy resources including increases of \$1,500,000 for industrial gas turbines, \$6,000,000 for advanced reciprocating engines, \$2,000,000 for advanced materials and sensors, and \$3,000,000 for thermally activated technology.

Building Technologies.—The Committee recommends \$58,963,000 for building technologies. There are decreases of \$2,000,000 for residential buildings research (formerly Building America) and \$500,000 for commercial buildings research. In emerging technologies, there are increases of \$1,500,000 for lighting, \$2,700,000 for space conditioning and refrigeration, \$500,000 for appliances and emerging technology, and \$3,200,000 for building envelope research of which \$1,700,000 is for thermal insulation and building materials and \$1,500,000 is for windows including electrochromics, which should be funded at the 2003 level. There is also an increase of \$1,000,000 in equipment and analysis for appliance standards.

Industrial Technologies.—The Committee recommends \$97,729,000 for industrial technologies. In industries of the future (specific) increases include \$4,100,000 for forest and paper prod-

ucts, \$3,400,000 for steel, \$3,400,000 for aluminum, \$2,100,000 for metalcasting, \$1,700,000 for glass, \$6,700,000 for chemicals, and \$2,400,000 for mining. In industries of the future (crosscutting), increases include \$7,500,000 to continue the black liquor gasification programs and \$2,000,000 to continue the program on robotics to replace repetitive manufacturing tasks.

Biomass and Biorefinery Systems.—The Committee recommends no funding for biomass and biorefinery systems, a decrease of \$8,808,000 below the budget request. These programs should be funded through the energy and water appropriations bill. The Committee has provided \$7,500,000 in the industries of the future (crosscutting) program to continue black liquor gasification programs.

Federal Energy Management Program.—The Committee recommends \$19,962,000, the budget request, for the Federal energy management program.

National Climate Change Technology Initiative.—The Committee recommends no funding for the National Climate Change Technology Initiative, a decrease of \$9,500,000 below the budget request. This program is addressed briefly below and under the fossil energy research development account.

Program management.—The Committee recommends \$90,164,000 for program management including increases of \$500,000 for the National Academy of Sciences program review, \$3,000,000 for cooperative programs on technology transfer from National Laboratories with the Energy and Research Consortium of the Western Carolinas, \$5,000,000 for cooperative programs with States, and \$5,000,000 for the energy efficiency science initiative.

Bill Language.—Bill Language is recommended earmarking \$225,000,000 for the weatherization assistance program and \$45,000,000 for State energy programs. These levels are slightly above the fiscal year 2003 levels for those programs.

The Committee agrees to the following:

1. The Committee continues to expect that several positions will be eliminated as a result of the consolidation of budget and administration functions in last year's reorganization.

2. The National Academy of Public Administration is conducting a continuing review of last year's reorganization and its recommendations should be implemented fully as soon as possible after receipt.

3. The budget justification for fiscal year 2005 should include the program specific table provided separately to the Committee for 2004. The official budget detail table should contain stub entries for sub-activities within each of the program areas. A few examples include, but are not limited to, each of the industries of the future (specific) and (crosscutting) programs, microcogeneration, advanced reciprocating engines, thermally activated technologies, and each of the major building, vehicle technology, and fuel cell areas. The Department should consult with the Committee on the budget presentation for fiscal year 2005 as soon as possible.

4. Vehicle combustion and emission control research should focus on continuing critical homogenous charge compression ignition programs.

5. The State Technologies Advancement Collaborative, a cooperative program between the States and the Department of Energy,

should be continued. The \$5,000,000 provided for cooperative programs with States and \$5,000,000 for the energy efficiency science initiative should be supplemented with other program funds where the States and the Department agree that this collaborative will effectively leverage program funds and reduce bureaucratic delay. One example of such a program is the Rebuild America program. The Department should report to the Committee no later than January 15, 2004, on what programs will be included as part of the collaborative in fiscal year 2004.

6. The cooperative programs with the States and the energy efficiency science initiative should be closely coordinated with the fossil energy research and development program to ensure the highest priority research needs across both the fossil energy and energy conservation accounts are addressed. Half of the funding for the energy efficiency science initiative is to be managed by fossil energy as legislated in the Interior Appropriations Act for fiscal year 2002. The mining industry of the future program, the industrial gasification program, and the reciprocating engines program should also be coordinated closely with fossil energy.

7. The National climate change technology initiative is not recommended for funding. NCCTI should be more clearly defined. The concerns expressed in the recent National Academies review should be addressed and the program should be fully justified and funding requested in future budgets as a separate account in the energy and water appropriations bill.

8. The \$500,000 for the National Academy of Sciences review of programs should remain in the base for a continuing annual review by the Academy of programs, using the Academy's matrix, to measure the relative benefits expected to be achieved and to inform decision making on what programs should be continued, expanded, scaled-back, or eliminated.

9. Funding for the industries of the future programs have been only partially restored and the Committee expects the Department to work closely with industry to determine how best to use the limited funds.

ECONOMIC REGULATION

The economic regulation account funds the independent Office of Hearings and Appeals, which is responsible for all of the Department's adjudication processes except those that are the responsibility of the Federal Energy Regulatory Commission. The amount funded by this Committee is for those activities specific to this bill: mainly those related to petroleum overcharge cases. All other activities are funded on a reimbursable basis from the other elements of the Department of Energy. Prior to fiscal year 1997, this account also funded the Economic Regulatory Administration.

Appropriation enacted, 2003	\$1,477,000
Budget estimate, 2004	1,047,000
Recommended, 2004	1,047,000
Comparison:	
Appropriation, 2003	- 430,000
Budget estimate, 2004	0

The Committee recommends \$1,047,000, the budget request, for economic regulation, a decrease of \$430,000 below the 2003 level. The Committee expects the Department to complete the phasing

out of direct funding for the Office of Hearings and Appeals from the Interior bill no later than fiscal year 2005. The Committee continues to be concerned about the high cost of employees in this office and concerned that the casework, funded by the Interior and related agencies appropriation, has not been brought to a timely completion.

STRATEGIC PETROLEUM RESERVE

The Strategic Petroleum Reserve was created by the Energy Policy and Conservation Act of 1975 to provide the United States with adequate strategic and economic protection against disruptions in oil supplies. The SPR program was established as a 750 million-barrel capacity crude oil reserve with storage in large underground salt caverns at five sites in the Gulf Coast area. It is connected to major private sector distribution systems and maintained to achieve full drawdown rate capability within fifteen days of notice to proceed with drawdown. Storage capacity development was completed in September 1991, providing the capability to store 750 million barrels of crude oil in underground caverns and to be ready to deploy at the President's direction in the event of an emergency. As a result of the decommissioning of the Weeks Island site in 1999, the Reserve lost 70 million barrels of capacity. However, the Department reassessed the capacities of the remaining storage sites and estimates that those sites are currently capable of storing a total of 700 million barrels. During 1998, an inventory of 561 million barrels provided 60 days of net import protection. In 2003, 628 million barrels provide 54 days of net import protection. The decline in days of net import protection is the result of the growth of U.S. requirements for imported crude oil and the decline in domestic oil production.

Appropriation enacted, 2003	\$171,732,000
Budget estimate, 2004	175,081,000
Recommended, 2004	175,081,000
Comparison:	
Appropriation, 2003	+3,349,000
Budget estimate, 2004	0

The Committee recommends \$175,081,000, the budget request, for operation of the Strategic Petroleum Reserve, an increase of \$3,349,000 above the fiscal year 2003 level.

NORTHEAST HOME HEATING OIL RESERVE

The acquisition and storage of heating oil for the Northeast began in August 2000 when the Department of Energy, through the Strategic Petroleum Reserve account, awarded contracts for the lease of commercial storage facilities and acquisition of heating oil. The purpose of the reserve is to assure home heating oil supplies for the Northeast States during times of very low inventories and significant threats to immediate supply of heating oil. The Northeast Home Heating Oil Reserve was established as a separate entity from the Strategic Petroleum Reserve on March 6, 2001. The 2,000,000 barrel reserve is stored in commercial facilities in New York Harbor, Rhode Island, and New Haven, Connecticut.

Appropriation enacted, 2003	\$5,961,000
Budget estimate, 2004	5,000,000
Recommended, 2004	5,000,000
Comparison:	
Appropriation, 2003	– 961,000
Budget estimate, 2004	0

The Committee recommends \$5,000,000, the budget request, for the Northeast Home Heating Oil Reserve, a decrease of \$961,000 below the fiscal year 2003 level.

The Congress created the Northeast Home Heating Oil Reserve to address heating oil shortages that have been experienced over the years during the winter heating season in the Northeast. To date, the reserve has never been used. While the Committee appreciates that the heating oil reserve is for addressing supply disruptions and not price spikes, it is concerned that the Department of Energy may be defining the term “supply disruption” too narrowly. Therefore, the Committee asks that the Department report to the House and Senate Committees on Appropriations on the circumstances under which the reserve will be used. The Department should submit the report no later than December 1, 2003, and it should provide various scenarios and the underlying assumptions for each of those scenarios.

ENERGY INFORMATION ADMINISTRATION

The Energy Information Administration is a quasi-independent agency within the Department of Energy established to provide timely, objective, and accurate energy-related information to the Congress, executive branch, State governments, industry, and the public. The information and analysis prepared by the EIA is widely disseminated and the agency is recognized as an unbiased source of energy information by government organizations, industry, professional statistical organizations and the public.

Appropriation enacted, 2003	\$80,087,000
Budget estimate, 2004	80,111,000
Recommended, 2004	82,111,000
Comparison:	
Appropriation, 2003	+2,024,000
Budget estimate, 2004	+2,000,000

The Committee recommends \$82,111,000 for the Energy Information Administration, an increase of \$2,000,000 above the budget request and \$2,024,000 above the fiscal year 2003 level. The increase above the request is to cover partially fixed cost increases and to make necessary data and analysis improvements to maintain the quality of EIA products.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

The provision of Federal health services to Indians is based on a special relationship between Indian tribes and the U.S. Government first set forth in the 1830s by the U.S. Supreme Court under Chief Justice John Marshall. Numerous treaties, statutes, constitutional provisions, and international law have reconfirmed this relationship. Principal among these is the Snyder Act of 1921, which